



Technical Memorandum No. 1

*Population, Employment and Housing
Forecast*

City of Sultan, Washington

2008-2025



POPULATION, EMPLOYMENT AND HOUSING FORECAST

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INTRODUCTION

This is the first in a series of technical memoranda describing the methodology and findings in support of the City's updated Capital Facilities Plan (CFP), Comprehensive Plan update, Transportation Improvement Plan (TIP) and capital budget. Sultan is required to conduct its planning under the Washington Growth Management Act (RCW 36.70A) and has done so since 1994. The City updated its plan in 2004. The Central Puget Sound Growth Hearings Board found certain inadequacies in the City's update and related actions, and ordered review and modification. Three cases are currently pending: *Fallgatter v. Sultan (Fallgatter V)*, CPSGMHB 06-3-0003; *Fallgatter v. Sultan (Fallgatter VIII)*, CPSGMHB 06-3-0034; and *Fallgatter v. Sultan (Fallgatter IX)*, CPSGMHB 07-3-0017.

The inadequacies and required modifications center on the City's handling of its capital facilities planning. While the Board did not find specific fault with the development policies in the Plan, it did rule that there had been inadequate analyses of "level of service" standards, the needed capital improvements resulting from those standards to handle projected growth, and the financial capability of the City to meet those needs. It required the City to revisit its capital facilities plan to reconcile these deficiencies. See *Fallgatter IX*.

The City developed an approach to address the Hearing Board orders which includes:

- Allocating new development among those buildable portions of the various land use districts [describe districts] identified on the Land Use Map
- Developing, confirming, or modifying "level of service" standards for future capital facilities [through what year(s)]
- Based on adopted level of service standards, identifying what capital facilities will be needed, and when, to adequately serve the future population, housing and employment through 2025.
- Assessing the cost of providing capital facilities measured against the projected financial resources of the City.

- Developing a Transportation Element and Capital Facilities element which ...
- Developing a six-year Transportation Improvement Plan (TIP)
- Developing a Capital Facilities Plan (six-year and Year 2025) that balances cost with estimated funding.
- Evaluating land use and growth assumptions in the 2004 Plan

This analysis will be summarized in a series of technical memoranda over the Spring and Summer 2008. When completed, they will be the basis for a reassessment of the 2004 Plan – its land use map and development policies – as necessary to balance needed capital improvements with available revenues. This will be followed by formal adoption of a 2008 revision of the 2004 Plan, and any necessary implementing amendments to the City's development regulations, in compliance with the Growth Management Act and Growth Hearings Board orders.

USE OF THIS INFORMATION

The information in this memorandum will be used as follows:

- To assess the current designations on the City's Land Use Map to determine if adjustments are needed to increase or lessen densities in areas of the City. The preliminary conclusion from this analysis is that adjustments, if warranted, will be minor. The 2004 Comprehensive Plan and Land Use Map appear consistent with future needs.
- To assist in the development of capital facility plans for sewer, water, roads and parks based on level of service standards now under review. The distribution of land uses to meet the housing and economic development needs will affect the scope and phasing of these facilities. Depending on the findings and recommendations in the Capital Facilities Plan, adjustments could be made to the Land Use Map, growth assumptions, regulations or policies. These adjustments would be considered prior to adoption of the Plan update in December of this year.
- To update the Land Use section of the 2004 Comprehensive Plan.

PLANNING ASSUMPTIONS

For this and other reports used in the Comprehensive Plan process, a consistent set of planning assumptions has been used. These are outlined on the following table.

Table ____ Planning Assumptions

	1990	2000	2005	2006	2007	2010	2012	2015	2025	Source
Population (City)	2,227	3,344	4,440 <u>4,225</u>	<u>4,440</u>	4,530		6,570		11,119	BLR
Population (UGA)	2,683	3,695		4,785			7,300		11,119	BLR
Housing Units				1,713	1,739				4,464	OFM
Average Household Size (includes 5% vacancy rate)		2.78	2.78	2.78	2.74				2.62	2000 Census, BLR
Housing Vacancy Rate		5.00%	5.00%	5.00%		5.00%	5.00%	5.00%	5.00%	Assumed
Employment				1,010					2,000	BLR
UGA Area (Acres)					<u>2304.1</u>				<u>2304.1</u>	<u>County</u>
<u>-- Buildable</u>					<u>953.75</u>				<u>953.75</u>	<u>County</u>
<u>--Unbuildable</u>					<u>1350.4</u>				<u>1350.4</u>	<u>County</u>

Note: BLR: Buildable Lands Report
OFM State Office of Financial Management

THE ROLE OF LAND USE IN CAPITAL FACILITIES PLANNING

A Land Use Element is one of six mandatory elements required by the Growth Management Act¹:

“ The City must adopt a) Land Use element designating the proposed general distribution and general location and extent of the uses of land, where appropriate, for agriculture, timber production, housing, commerce, industry, recreation, open spaces, general aviation airports, public utilities, public facilities, and other land uses. [It] shall include population densities, building intensities and estimates of future population growth. The land use element shall provide for protection of the quality and quantity of groundwater used for public water supplies. Where applicable, the land use element shall review drainage, flooding, and storm water run-off in the area and nearby jurisdictions and provide guidance for corrective actions to mitigate or cleanse those discharges that pollute waters of the state...”

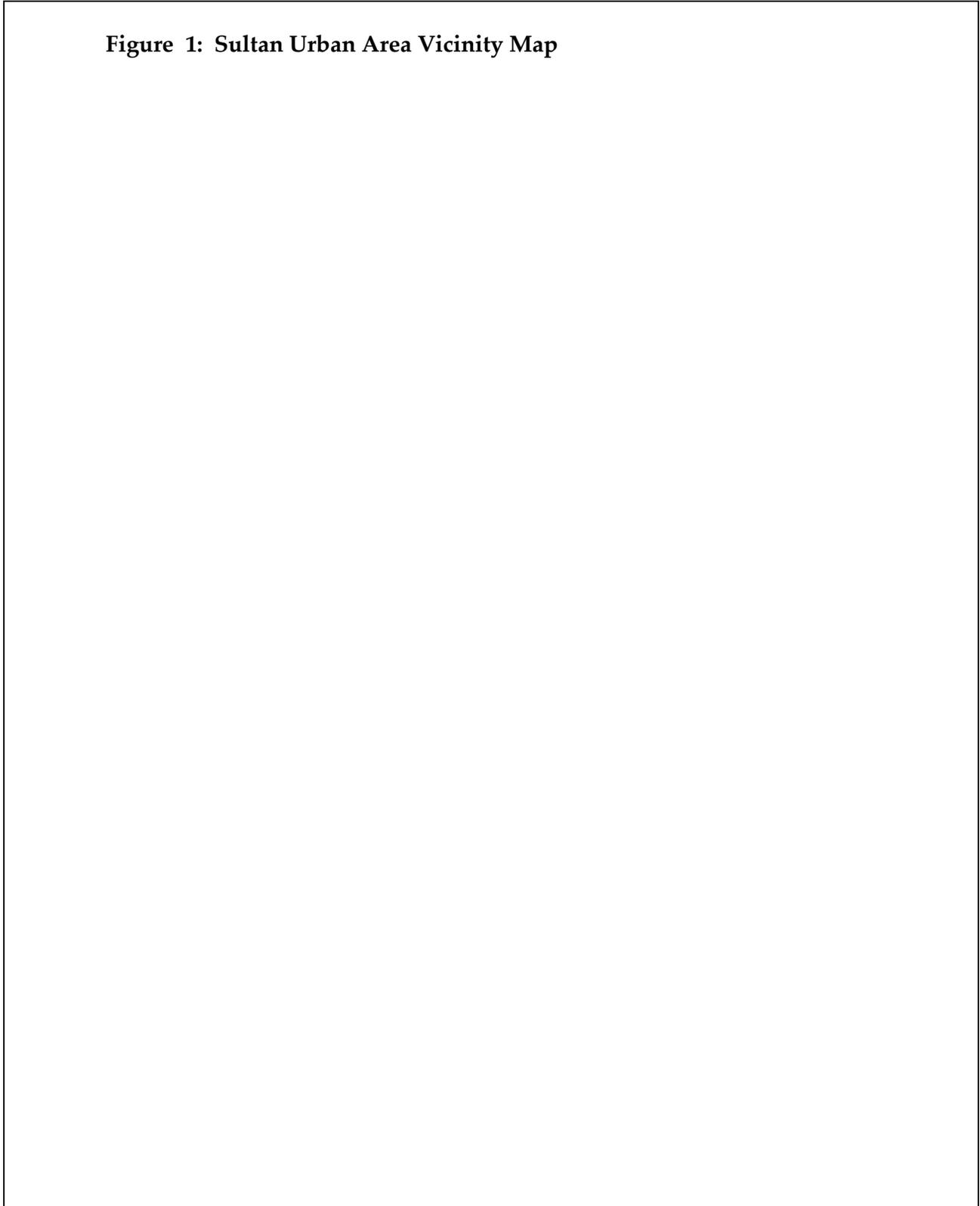
The Growth Management Act requires that population, employment and land use be planned together through the Year 2025; and that the Comprehensive Plan and City Code be coordinated to accomplish those targets in a coordinated fashion. [Jeff Coffer, 2/05]

The Land Use section of the Comprehensive Plan establishes the framework for the City's future land use development. It presents the community's policy for growth through 2025. It deals directly with how citizens will be able to use their land and therefore is among the most sensitive topics of government regulation. Most important to this Plan update, it shows where development will occur as a basis for a Capital Facilities Plan. It considers the general location, intensity and density of land uses so that traffic, drainage, community services, utilities, etc. can be properly planned for.

Throughout the completed Comprehensive Plan there will be discussion of groundwater, drainage, flooding, stormwater run-off and other elements mandated for review by GMA. These, along with traffic, community services, etc. are all related to land use. So, while there may not be extensive discussion of these issues within the Land Use section itself, they are a prime consideration in developing the Land Use Map for the City.

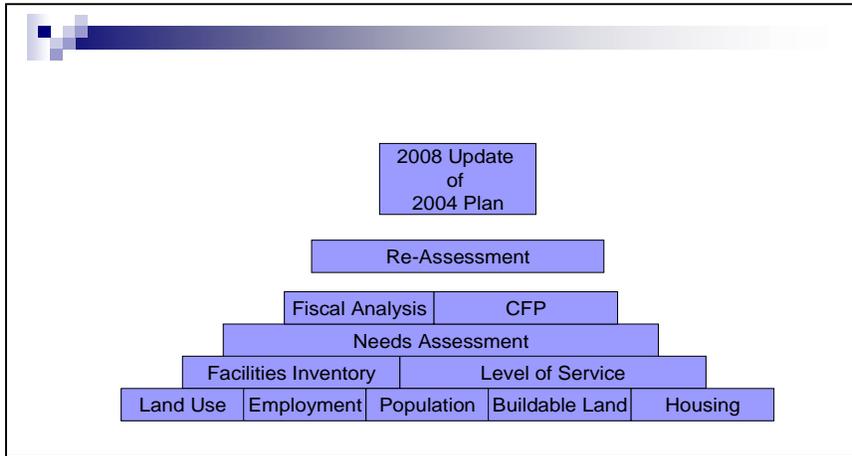
¹ RCW 36.70A.070(1)

Figure 1: Sultan Urban Area Vicinity Map



ANALYSIS

The Planning Board and City Council are proceeding with a 2008 update of the 2004 Comprehensive Plan to better link capital facility needs with future growth. The “building block” approach shown below is intended to create a factual basis regarding the Plan’s assumptions on land use, population, employment, housing and buildable land; followed by an analysis of capital facilities needed to serve growth through 2025.



For this analysis, information was updated to 2006-2007. Conflicts between City, County and other sources of information were resolved. The principal source of population information was the adopted County estimates for 2005, 2006 and 2025. The sources used in the

buildable lands analysis was the 2007 adopted buildable lands study by Snohomish County, the County’s adopted Critical Areas analysis and the County’s 2007 Housing Study. These are referenced in the following discussion.

The 2004 Land Use Map was divided into the City’s 2007 Traffic Analysis Zones (TAZ) and critical areas information was quantified for each TAZ. The result is a refined, accurate and internally consistent picture of Sultan in 2008 and a credible estimate of how it will grow through 2025.

The City limits of Sultan and the Urban Growth Area (UGA) will be discussed throughout this document as the two main boundaries of study in this update. Principal emphasis is placed on the UGA because the City assumes that the entire UGA will be a part of the City by 2025.

SULTAN'S PHYSICAL SETTING

Sultan is located at the confluence of the Sultan and Wallace Rivers with the Skykomish River in the Skykomish River valley. Old Sultan is located at an elevation 100 feet above Puget Sound on the north bank of the Skykomish River and east bank of the Sultan River.

The eastern limits of the City and UGA are located on top of one of the bluffs that extend south defining the eastern edge of the Sultan River valley and the north edge of the Skykomish River valley. The bluff overlooks the valley floors, old town, and Cascade Mountains.

The City and its UGA are affected by floodwaters from the Sultan and Skykomish Rivers. Two other surface water bodies – Wallace River and Wagleys Creek – run through the City, but do not pose a significant flood risk.

Sultan lies along State Highway 2 (US-2), a major east-west cross-state highway. While serving large traffic volumes generated by the Sultan economy, increasing volumes have created concerns throughout the Sky Valley communities regarding traffic safety and access to local streets.

POPULATION GROWTH TRENDS

Population forecasts for Sultan were taken from two sources. The *2007 Snohomish County Buildable Lands Report* is an official estimate of available, developable lands based on officially adopted population and employment estimates. [Deborah Knight, 02/05] ~~It and~~ must be used by Sultan for its planning; moreover, the City feels that it is an accurate depiction of the growth that will occur. Estimates of Sultan's future population are derived from the Washington State Office of Financial Management for all of Snohomish County. Again, these estimates are official.

The county and its cities, through Snohomish County Tomorrow, allocate population estimates to each city, school district and the unincorporated area. Sultan has participated in those efforts and has adopted the official projections for its planning.

Past Population Growth

Sultan was incorporated as a municipal jurisdiction in 1905 with a resident population of 576 persons. The resident population increased on a gradual basis averaging 1.5 to 1.8% per year from 1910 to 1940. The population declined by 1.6% between 1940-1950 and increased 0.1% from 1950-1960. The resident population increased at a rate considerably higher than

the surrounding county between 1960 and 2000 as corporate boundaries expanded. The population grew an average of 3.1 to 4.1% per year from 1960-2000. In 2000, 3,695,344 persons resided within the Sultan UGA of which 3,344 persons 95% of who resided within the city limits.²

Future Population Growth

The Puget Sound Regional Council expects the Skykomish Valley area will eventually support 17,026 persons by the year 2010, 20,549 persons by the year 2020, and 23,977 persons by the year 2030. The projected Sultan population of 11,119³ in 2025 would represent about half of these residents.

By the year 2012, ~~Snohomish County Tomorrow (SCT)~~the County's-2007 Buildable Lands Report (BLR) expects approximately 7,300 persons will reside in the UGA of which 90% will reside in city limits, as shown in *Table 1*.⁴ ~~SCT~~The BLR further expects the current UGA will eventually support a population of 11,119 persons at build-out in 2025. It is assumed that the entire UGA will be incorporated into the City by that time. This is an official population estimate and is used by the City for its growth and capital facilities planning.

Table 1: Urban Growth Area (UGA) Summary (1990-2025) [0]

	City of Sultan	Unincorporated Area	Total UGA
1990 Population	2,236	456	2,683
2000 Population	3,344	187,351	3,695,532
2006 Population	4,440	345	4,785
2012 Population (Est.)	6,570	730	7,300
2025 Population (Est.)	11,119		11,119

~~Source: Office of Financial Management, Forecasting Division, June 28, 2005.~~

- Office of Financial Management, Forecasting Division, June 27, 2007 and 2007 Buildable Lands Report

² Office of Financial Management, Forecasting Division, June 2007 and Buildable Lands Report, 2007

³ The current population estimate is an updated figure from the 11,591 figure found in the City's 2004 Plan. New 2025 population targets were adopted in Appendix B of the Countywide Planning Policies by County Council on Feb. 11, 2004 [Kurt Latimore, 2/5]

⁴ 2007 Buildable Lands Report, Figure 40. Sultan UGA Population

POPULATION DENSITY

Population or housing density is the average number of people occupying an area relative to the area's size. Density is an important factor in determining how much land will be needed to accommodate the estimated 2025 population. Density is expressed in one of two ways: *gross density* which is simply the average number of people or houses occupying, say, an acre of land (i.e. one acre ÷ three houses = 3 dwellings per gross acre); or *net density* which is the average number of people or houses occupying a developable acre (i.e. one acre, minus ½ acre of wetlands and streets ÷ three houses = 6 dwellings per net acre).

The Growth Management Act requires that development within Urban Growth Areas occur at an "urban" density, which is defined by most communities as four dwellings per net acre. It is not a "bright line" requirement, but rather a guideline. This target is acknowledged by the City of Sultan.

Historical trends in the density of development help to understand how Sultan has developed in the past as an indicator of how it will develop in the future. Table 2, taken from the County's Buildable Lands Report, gives a sample of how new development densities occurred between 1995-2005. Average densities approached the GMA guideline of four dwellings per net acre. [\[George Schmidt – explain acronyms, 2/5\]](#)

**Table 2
New Residential Development and Density
1995 to 2005**

Zone		Buildable Acres Developed	Residential Dwelling Units	Assumed Density Units/Acre	Average Density
LMD <u>Low to Moderate Density (LMD)</u>	Single Family Units	24.69	69	2.79	
MD <u>Moderate Density (MD)</u>	Single Family Units	60.30	264	4.23 <u>3.8</u>	
	Multi-Family Units	2.13	24	0.38 <u>11.3</u>	
	Total	62.43	288	4.61	
HD <u>High Density (HD)</u>	Single Family Units	14.42	76	2.55 <u>5.27</u>	
	Multi-Family Units	15.34	161	5.41 <u>10.5</u>	
	Total	29.76	237	7.96	

HOUSING NEEDS

Sultan’s expected population will require a diverse range of housing. The types and density of housing are crucial elements of this Plan. The City must be ready to accommodate the types of housing needed and, depending on the type and density will dictate how much land is allocated to different land use zones. This distribution will, in turn, affect how capital facilities and services will be provided.

There is, and will be, a need for additional affordable housing units to accommodate current and future populations. The term “affordable housing” applies to the adequacy of the housing stock to fulfill the housing needs of all economic segments of the population. The underlying assumption is that the marketplace will guarantee adequate housing for

Table 3 General Demographics

	Number	Percent
Female	1,661	49.7%
Male	1,683	50.3%
Age Distribution		
Under 5 years	264	7.9%
5 to 9 years	324	9.7%
10 to 14 years	306	9.2%
15 to 19 years	228	6.8%
20 to 24 years	175	5.2%
25 to 34 years	552	16.5%
Median age (years) 32.2		
35 to 44 years	602	18.0%
45 to 54 years	376	11.2%
55 to 59 years	128	3.8%
60 to 64 years	99	3.0%
65 to 74 years	142	4.2%
75 to 84 years	118	3.5%
85 years and over	30	0.9%
Total Population: Year 2000	3,344	100%

Source: US Census Bureau, 2000

those in the upper economic brackets, but that some combination of appropriately zoned land, regulatory incentives, financial subsidies, and innovative planning techniques will be necessary to make adequate housing available for the needs of middle and lower income persons.

According to the Growth Management Act⁵, a Housing Element must, at a minimum, include the following:

- (a) an inventory and analysis of existing and projected housing needs;
- (b) a statement of goals, policies and objectives for the preservation, improvement and development of housing;
- (c) identification of sufficient land for housing, including but not limited to, government-assisted housing, housing for low-income families, manufactured housing, multi-family

housing, group homes and foster care facilities;

⁵ [RCW 36.70A.070\(2\)](#)

(d) adequate provision for existing and projected housing needs for all economic segments of the community.

Sultan’s 2008 Comprehensive Plan update addresses these objectives.

Housing Profile

Sultan’s population [within city limits](#) grew from 2,236 in 1990 to 3,344 in 2000 which is a 49.6 percent increase⁶. The population is predominately young, with relatively more

persons under 20 and between 20 and 34 than Snohomish County as a whole. The median age is 32.2 years. Sultan contains fewer older adults, 35 to 64 and seniors. (See *Table 31 General Demographics*).

Table 4– Income Levels

Family Size	Low Income	Very Low Income
1	\$40,600.00	\$27,250.00
2	\$46,600.00	\$31,150.00
3	\$52,200.00	\$35,050.00
4	\$58,000.00	\$38,950.00
5	\$62,650.00	\$42,050.00
6	\$67,300.00	\$45,200.00
7	\$71,900.00	\$48,300.00
8	\$76,550.00	\$51,400.00
9	\$83,450.00	\$54,550.00
10	\$88,200.00	\$57,650.00
11	\$93,000.00	\$60,750.00
12	\$97,750.00	\$63,900.00

Source: Everett Housing Authority, April 2007

Annual median household income (adjusted for inflation) increased 25.5 percent between 1990 and 2000 to \$46,619 which is well below the countywide median of \$53,060. An annual median household income of \$46,619 is defined as “low income” according to Table 4.

Table 5 -- Sultan Housing Unit Inventory

	Total	1 Unit	2+ Units	MH/Spec*
2000	1,291	908	147	236
2001	1,469	1,080	151	238
2002	1,526	1,135	153	238
2003	1,564	1,141	185	238
2004	1,590	1,155	197	238
2005	1,621	1,184	199	238
2006	1,713	1,268	207	238
2007	1,739	1,283	218	238

* Mobile Homes/Special

Source: OFM, July 12, 2007

The percentage of housing units owned in 1990 rose from 64.7% to 72.4% in the year 2000. The increase pushed the proportion of multi-family and manufactured housing units represented in the total housing stock down from 44.8 percent in 1990 to 32 percent in 2000. This 12.8 percent decline in multi-family and manufactured

⁶ Housing Evaluation Report, 2002.

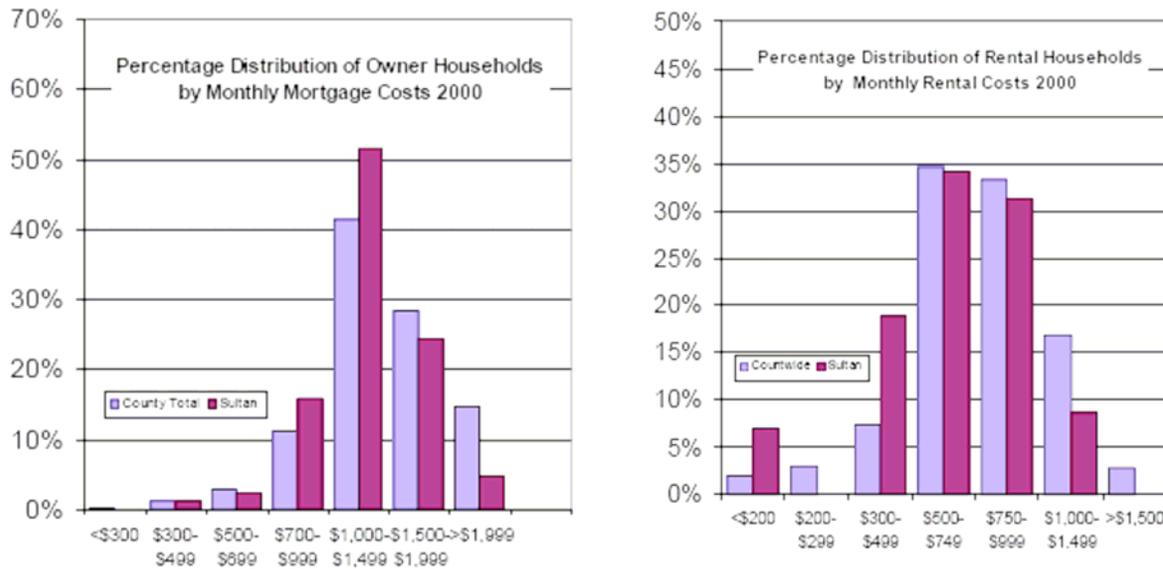
housing units was the second largest decline among all county jurisdictions.⁷

The County's [2002 Growth Monitoring Report](#) notes that Sultan fell from having the 4th most affordable home sales between 1995 and 1997, to the 7th most affordable between 1998 and 2000. While Sultan is above the countywide average of 26.1% of all sales defined as affordable, the 26.5% point drop in home sale affordability was the highest among county jurisdictions. US Census figures from the year 2000 indicates that Sultan homeowners with mortgages and annual household incomes below \$50,000 are stressed and that 68.3 percent of this group is paying more than 30 percent of their monthly income for housing. Updated information for 2008 is not available.

~~Sultan renters~~ Renter households in Sultan fared better in 2000 than homeowners. The [2000](#) US Census found that 49.2% of Sultan renter households were paying more than 30% of their monthly income for housing compared to 53.4% of renters countywide. Although renters are generally paying less of their monthly incomes compared to the remaining portion of Snohomish County, almost half of all renters are paying more than 30%. ~~Sultan should explore more options for affordable housing for both renters and owners. These strategies will be discussed later in this report.~~ [Planning Board comment, 2/5 Median income compared to median household price suggests adequate affordable housing in Sultan]

⁷ [Housing Evaluation Report](#)

**Figure 2
Owner and Renter Income
Year 2000 City of Sultan**



Sultan has 26 permanently dedicated assisted housing units and 12 households currently receiving voucher assistance for a total of 38 assisted units.⁸ The assisted housing units make up 2.9 percent of the total housing stock in Sultan.

Housing in Sultan can be further characterized as follows:

- *The percent of owner occupied housing units* was 72% in Sultan in the year 2000, compared with 68% in Snohomish County, 62% in Puget Sound, 65% in Washington State, and 66% in the United States. Sultan owner occupied statistics may be higher than the region because Sultan homeowners prefer ownership and/or because this housing choice is the predominant market offering.
- *The percent single-family detached units of all structures* was 68% in Sultan compared with 62% in Snohomish County, 60% in Puget Sound, 62% in Washington State, and 60% in the United States.

⁸ Housing Evaluation Report, 2002.

- The percent mobile homes or trailers area of all structures was 18% in Sultan compared with 7% in Snohomish County, 5% in Puget Sound, 8% in Washington State, and 8% in the United States. Mobile or manufactured homes on single lots may be the preferred choice of Sultan households and/or the past predominant market offering.
- The median value of owner occupied housing units was \$160,800 in Sultan compared with \$196,500 in Snohomish County, \$199,302 in Puget Sound, \$168,300 in Washington State, and \$119,600 in the United States. Sultan has 83% of its housing stock concentrated within the \$100-199,999 value ranges compared with 50% in Snohomish County, 44% in Puget Sound, 49% in Washington State, and 39% in the United States - possibly reflecting the City's higher percentage of mobile and manufactured housing stock.
- The median cost of renter occupied housing units was \$588 in Sultan compared with \$691 in Snohomish County, \$660 in Puget Sound, \$663 in Washington State, and \$602 in the United States. Sultan has 33% of its rental stock concentrated below \$499 monthly rent compared with 16% in Snohomish County, 23% in Puget Sound, 23% in Washington State, and 32% in the United States.

The statistics indicate the following trends:

- Though Sultan may have a greater proportion of lower value housing stock in its inventory, housing prices are still higher than household incomes may be reasonably able to afford.
- Single-family units may be the preferred choice of Sultan households and/or the past predominant market offering.
- A higher proportion of these single-family units are mobile or modular units compared with other communities.
- Sultan's rental households may choose to live in the City because rental housing prices are lower than the surrounding area.
- Though Sultan may have a greater proportion of lower priced rental units in its inventory, housing costs are still higher than household incomes may be reasonably able to afford.

~~In summary, Sultan households are predominately housed in owner occupied single family and mobile home units less expensive than the surrounding region; and in lower cost rental units less expensive on average than the surrounding area. Nonetheless, a significant percent of Sultan households in owner and renter occupied units are also paying more for housing costs than household incomes may be reasonably able to afford. Sultan residents will continue to pay high percentages of their household incomes for housing if this trend continues.~~ [Planning Board recommended change, 2/5]

Housing Affordability in Sultan

A rule of thumb for housing affordability is that 28% of a family's monthly gross income, before taxes, can be used for housing. With a median income in Sultan of \$47,600 (2007), this equates to \$1100 per month. This would allow purchase of an approximately \$180,000 home. As noted, the median value of owner occupied housing units was \$160,800 (2002). Allowing for price inflation between 2002-2007, it would appear that, on average, there exists reasonable affordability of housing in Sultan. This is due to a stable stock of existing housing and a higher-than-average percentage of modular or mobile homes. New construction will be more affordable to higher income brackets. Median value of new housing in 2007 was \$310,000. Higher density cluster housing in Planned Residential Developments could provide lesser priced homes. [Planning Board recommended analysis, 2/5]

In summary, Sultan households are predominantly housed in owner occupied single-family and mobile home units less expensive than the surrounding region; and in lower cost rental units less expensive on average than the surrounding area. Nonetheless, a significant percent of Sultan households in owner and renter occupied units are also paying more for housing costs than household incomes may be reasonably able to afford. Sultan residents will continue to pay high percentages of their household incomes for housing if this trend continues.

Future Housing Need

Two important factors are used in projecting future housing needs: population growth and the community's economic profile. The City of Sultan's population in 2006 was 4,440 within city limits growing to 11,119 in 2025. The 2000 Census reported an ~~and~~ average household size of 2.78 persons. The 2005 average was about 2.65. Assuming this household size persists through 2025 with an average housing vacancy rate of 5%, a total demand for about ~~4400-4464~~ housing units is indicated for 2025. This is an increase of ~~about 2700-2,725~~ units over the 1739⁹ that existed in 2007.

It is Sultan's policy to use the ratio of income to housing costs as a measure of affordability. When housing costs exceeds 30% of a total household's income; the housing is no longer

⁹ Office of Financial Management, 2007

considered affordable.¹⁰ A rental unit is considered affordable for a household if the annual rent is less than or equal to 30% of the household’s annual income.

Table 6: Average Annual Income (2000 Census)

	Median Household Income	Median Family Income	Per Capita Income
Washington	\$45,776	\$53,760	\$22,973
Puget Sound	\$51,386	\$60,943	\$26,048
Snohomish County	\$53,060	\$60,726	\$23,417
Sultan	\$46,619	\$51,038	\$18,822

Table 7 below distributes future housing demand based on population, economic and zoning criteria. According to the Office fo Financial Management (OFM), the City of sultan had 1,713 housing units within the UGA in 2006. According to the 2007 Buildable Lands Report (BLR), the City of Sult6an has sufficient buildable land to accommodate 1,966 additional Single Family units and 759 Multiple Family units by 2025. In the Low to Moderate Density (LMD) designation there is additional capacity for 469 single Family units. In the Moderate Density (MD) designation there is additional capacity of 119 Single Family units and 8 Multiple Family units. In the High Density (HD) designation there is additional capacity for 149 Single Family units and 43 Multiple Family units. In the Highway Oriented Development (HOD) designation, residential units are not currently allowed according to the Sultan municipal Code.

~~A code amendment may be considered in late 2008 and if approved would allow this use. If approved, the HOD has additional capacity for 708 units. The additional units would bring the total number of housing units in Sultan in 2025 to 4,438. [Deborah Knight, 2/5 – no code amendment proposed for consideration in 2008]~~

¹⁰ American Planning Association, Policy Guide on Housing, 2006.

Table 7: Housing Demand Estimates

Existing Housing Units in 2006			Additional Housing Units between 2006-2025				Total Housing Units in 2025				
SF Units	MF Units	MH/Spec	TOTAL	SF Units	MF Units	MH/Spec	TOTAL				
1,268	207	238	1,713	1,966	759	0	2,725				
Capacity of each residential land use in Sultan											
				LMD		MD		HD		HOD	
				SF	MF	SF	MF	SF	MF	708	
				469	0	119	8	149	43		
Source: Office of Financial Management, 2007 and Buildable Lands Report, 2007											

This housing distribution has been used throughout this report as part of the capital facilities analysis and to confirm the designations on the Future Land Use Map. It will be further refined as the analysis of buildable lands and capital facility planning are concluded.

Promoting Housing Choice

The Sultan community can encourage a wide range of housing to ensure that the 11,119 residents estimated for 2025 have the type of dwelling types that meet their desires at an affordable price. The Sultan Comprehensive Plan provides a slight range of housing choices with some provisions for higher density, more innovative products. Higher density housing zones are located adjacent to the existing downtown district and transit corridor along US-2 that presently have access to regional transit bus routes in Snohomish and King Counties. Higher density housing of 5-7 dwellings per acre is also a part of the planned Industrial Park Master Plan east of the City. The zoning ordinance has been amended to allow cluster development with a lot reduction of 20% to allow for the protection of sensitive environmental areas and open space systems.

In addition to the typical single-family, duplex or apartment dwelling, the City will explore other housing forms that can be suitably integrated into the community. Among these are the following:

Accessory Housing: Accessory units help provide affordable housing, and include dwelling units attached or detached from the primary residential units, on a single-family parcel. Attached units contained within a single-family home are the most commonly encountered type of accessory dwelling unit. Accessory apartments typically involve the renovation of a garage, basement family room or a similar space in a single-family residence.

Manufactured Housing: Manufactured homes are allowed in the two lower density residential zones ranging from 4.0-5.0 dwelling units per acre in the Low/moderate density zone(LMD) to 7.0 in the Moderate density zone (MD). Detached single-family residential uses are allowed in the three lower density residential zones ranging from 4.0 dwelling units per acre in the Low/moderate density zone (LMD), 6.0-8.0 in the Moderate density zone (MD), and 9.5-12.0 in the High density zone (HD) – but not in the Urban center (UC). Attached single and multifamily uses are allowed in the three higher density residential zones ranging from 8.0-10.0 dwelling units per acre in the Moderate density zone (MD), 12.0-20.0 in the High density zone (HD), and 14.0-24.0 in the Urban center (UC) – but not in the Low/moderate density zone (LMD).

Group Homes: The U.S. Census defines “non-institutional group quarters” as living quarters that house ten or more unrelated persons living in the unit, such as rooming houses and groups homes. Group homes include “community-based homes” providing care and supportive services. Such places include homes for the mentally ill, mentally retarded, and physically handicapped; drug/alcohol halfway houses; communes; and maternity homes. The extent of the housing need for special population groups (present and projected) is based on the anticipated continued growth of the special needs population. In addition, persons with special needs require a range of supportive services in conjunction with affordable housing to ensure independent living.

Housing Strategies

Sultan’s housing element contains four key goals:

- Ensure adequate housing is available for households with different income levels;
- Encourage maintenance and creation of healthy residential neighborhoods;
- Encourage design techniques to aid acceptance of various housing types; and
- Encourage environmentally sensitive housing development practices.

A variety of affordable housing strategies have been adopted to achieve these goals:

- Provide areas for mixed use residential development;
- Allow manufactured housing in all designed residential areas;

- Ensure buildings are in conformance with current building codes;
- Support retention and revitalization of older housing; and
- Allow more flexibility in design and density to encourage sensitive development.

Sultan's existing housing stock contains a large number of lower-end, low-cost housing. In 2000 the median home sale prices were among the seventh lowest among jurisdictions in Snohomish County at \$161,750 compared to a countywide median of \$188,000. Yet the 2000 US Census figures indicate that 68.3 percent of homeowners with annual incomes below \$50,000 are paying more than 30 percent of their monthly incomes for housing.

This affordability gap needs to be addressed. Sultan must create a more diverse balance of housing options. Strategies that are not permitted under the existing municipal code, but could be implemented include:

- Zero lot line development,
- Flexibility in front-yard setbacks,
- Cluster housing provisions,
- Density bonuses,
- Density transfer programs and
- Impact fee credit programs.¹¹

Other strategies that are currently permitted under the existing municipal code include: allowing infill development and detached accessory dwelling units and multi-family developments in allowed zones. Concerned citizens express unfavorable viewpoints regarding building high density neighborhoods that include multi-family housing. The City will need to balance those concerns with the reality of meeting GMA housing goals.

EMPLOYMENT GROWTH TRENDS

As the City develops policies and zoning for its future housing needs, it must make adequate provision for future employment as well. The 1990 Washington State Growth Management Act (GMA) established the following statewide economic development goal:

Encourage economic development throughout the state that is consistent with adopted comprehensive plans; promote economic opportunity for all residents of the state, especially for unemployed and disadvantaged persons; and encourage growth in areas experiencing insufficient economic growth all within the capacities of the state's natural resources, and local public services and facilities.

¹¹ Housing Evaluation Report, 2002.

Among other things, the Economic Development Element of the Comprehensive Plan establishes an economic vision for the community and expresses support for the core goal of the local and State planning principles.

ECONOMIC DEVELOPMENT IN SULTAN

Sultan's Economic History

Historically, forest and mineral resources, manufacturing and associated industries have provided the "primary jobs" for the community. It is recognized, however, that long-term strength of a local economy is built upon diversification of a community's business base and establishment of a planning process that allows for timely and efficient response to changing market conditions and demands. Stabilization of the employment base is very important to the stability and quality of life in the Sultan community.

Consequently, the Sultan community has pursued a policy of developing an industrial base for basic manufacturing and business, while building a service industry for local residents and travelers along US-2. The City adopted its Industrial Park Master Plan for the area between Sultan Basin Road and Rice Road. This Master Plan is incorporated by reference into the Comprehensive Plan. Mixed-use commercial areas (allowing various levels of commercial and residential activity) have been designated along US-2 and in the historic downtown area. The City is actively pursuing development in these economic centers.

Existing Employment

According to the US Census, in the year 2000 approximately 1,736 Sultan residents, about half the population, were employed both inside and outside the City. This reflects a relatively higher number of non-working family members and more elderly, childless, and potentially retired age groups than is common of the population profiles within the surrounding county and region.

In 2006, there were approximately 1,010 jobs located in ~~the Sultan area~~¹². In 2025, the [County's Buildable Lands Report and the City's](#) Comprehensive Plan estimates an increase to 2,000 jobs in Sultan. Figure 3 depicts the location of commercial and industrial employment both now and in the future. Most of the 1,000 additional jobs the community will seek will be located in these areas.

Employment Density

¹² Buildable Lands Report, 2007

As with housing, a measure for employment density (i.e. jobs per acre) helps to determine how much land will be needed to develop Sultan’s target employment base of 2000 jobs in 2025. Table 8 illustrates the development history between 1995 and 2005 within the commercial zones in Sultan. It provides a snapshot of current employment densities in newly developing areas.

Table 8
Sample Employment Densities
City of Sultan

Zone	Developed Acres	New Employment	Employees per Developed Acre
Urban Center	0.37	9	23.90
Economic Development	6.23	92	14.77
Hwy Oriented Development-New	4.71	31	6.68
Hwy Oriented Development-Infill	4.06	43	10.61
Total	15.37	175	11.4

Source: Buildable Lands Report, 2007

Table 9 presents a breakdown of employment by category in 2006. The numbers do not match the 1010 job number above because they are taken from State Employment Security records which exclude self-employed workers, proprietors, CEOs, and other non-insured workers. Typically, covered employment has represented 85-90% of total employment. Table 10 presents a comparison between the jobs Sultan residents *do*, and the jobs that are performed by Sultan businesses. The figures suggest commuter patterns, that is, those who travel outside the community for jobs and those who travel to Sultan to work in local businesses. Sultan’s goal is to promote job growth somewhat in proportion to the demographic of local workers to reduce the home-to-work commute.

MAPS PROVIDED AT COUNCIL MEETING IN COLOR FORMAT

**Table 9
Employment by Category
City of Sultan**

Occupation	No.
Education	243
Manufacturing	232
Services	228
Retail	77
Construction/Resource	68
Government	49
WTU (Wholesale Trade, Transportation & Utility)	42
FIRE (Finance, Insurance, Real Estate)	16
Total	995

Source: Puget Sound Regional Council, 2007

**Table 10
Job Location in Sultan**

Industry	Jobs Located in Sultan	Sultan's Labor Force
Manufacturing	12%	20%
WTU	7%	5%
Retail	22%	11%
FIRES	24%	6%
Government/Education	34%	26%
Other		32%

Source: US Census 2000

Strengths and Challenges in Sultan's Economy

Population and employment statistics outlined above suggest areas of strengths and weaknesses in Sultan's economic base. On the positive side, Sultan has a large labor force consisting of approximately 75 percent of its adult population over the age of 16 years. Its employment base and resident labor force are engaged in a wide range of different jobs and occupations. Approximately 50 percent of the resident labor force has post high-school educations with nearly 20 percent possessing college degrees. ~~Sultan has a higher percentage of affordable housing compared to the rest of Snohomish County.~~ [Deborah Knight, 2/5 – move to housing discussion]

Posing challenges to Sultan are its location relative to jobs for residents. A large portion of Sultan's income is spent on commuting costs. The average commuter living in Sultan travels approximately 60 miles per day. The cost of commuting represents approximately 7.8 million dollars a year or 12 percent of Sultan total income base.

Approximately 55% of Sultan's households spend 35 percent or more of their household income on mortgage or rental payments, which is an indication of excessive housing costs.¹³ Sultan needs to reduce its housing and commuting costs in order to increase its local economy's income base.

Sultan must work to improve the existing imbalance in its jobs-to-housing ratio. Ideally, this ratio is one job for each household. Sultan had approximately 1,010 jobs in 2006 and 1,713~~39~~ households which equates to a 0.58 jobs/housing ratio. Sultan will need approximately 700 jobs to correct its current imbalance and a total of 3,650 jobs to maintain a balanced jobs-to-housing ratio by the year 2025. The success of its economic development plan could be measured by the reduction in percentage of Sultan's income base spent on commuting costs.

BUILDABLE LAND

Preceding sections have confirmed the population, housing and job estimates which serve as the basis for the 2004 Comprehensive Plan. The following section describes the method used to determine where and how much buildable land exists to accommodate these people, houses and jobs.

Sultan contains of diverse types of land, some suitable for development, some not. The Growth Management Act requires that sensitive lands and critical areas be avoided if at all possible as development occurs. The Growth Management Act identifies critical areas as

- Wetlands
- Recharge areas affecting aquifers used for potable water
- Fish and wildlife habitat conservation areas
- Frequently flooded areas
- Geologically hazardous areas (steep or unstable slopes)

Sultan has many of these features throughout the 2600 acres contained within its Urban Growth Area. Only a portion of this area is therefore available to accommodate residential and commercial development. Knowing where these areas are is essential to the design of the Future Land Use Map, development regulations and capital facilities plans. Figure 4 compares critical area locations to the City's Land Use Map. Figure 5 gives a clear view of the critical areas in the community and UGA.

As part of the City's update of its Transportation Plan, the UGA was divided into Traffic Analysis Zones (TAZ). Future population, housing and employment were distributed to

¹³ U.S. Census Bureau, 2000

these TAZs to determine where future traffic would travel and what effect this would have on the need for road improvements. Figure 6 presents the TAZ map and distribution numbers used in the Transportation Plan.

Figure 4

MAPS PROVIDED AT COUNCIL MEETING IN COLOR FORMAT

Figure 5

MAPS PROVIDED AT COUNCIL
MEETING IN COLOR FORMAT

Figure 6

MAPS PROVIDED AT COUNCIL
MEETING IN COLOR FORMAT

Table 11 shows the amount of buildable and unbuildable land with each TAZ, broken down into Land Use Map categories. These figures were derived by calculating the total area within each TAZ; and subtracting both critical areas and the developed acreages within each "buildable land" category. Housing and employment densities were then calculated based on projected housing and employment growth on the currently vacant buildable land. The total density projected for housing (7 du/acre) and employment (11.6 employees per acre) compare well with the existing density of development.

Table 11
Buildable Land Summary
City of Sultan

(Separate Hand Out)

SUMMARY

Table 12
Existing and Future Growth
Sultan Urban Growth Area

	2006	2025
Population	4,785,440	11,119
Housing	1,713,36	4,200,438
Jobs	1,010	2,000

Source: Buildable Lands Report, 2007
Office of Financial Management, 2007.

Preceding sections have described Sultan's population, housing and economic growth trends. These are fundamental to determining future growth policies and regulations; and to outlining on the official Land Use Map how growth will occur. These estimates of the future are shown on Table 12.

Table 11 shows the results of the Buildable Lands analysis. Preliminary findings are that there is sufficient land available to accommodate housing and employment estimates. These figures will undergo continual review as other elements of the Comprehensive Plan and Capital Facilities Plan are updated to ensure consistency of information and the accuracy of final Plan elements.

USE OF THIS INFORMATION [Deborah Knight, 2/5 – move to introduction]

~~The information in this memorandum will be used as follows:~~

- ~~• To assess the current designations on the City's Land Use Map to determine if adjustments are needed to increase or lessen densities in areas of the City. The preliminary conclusion from this analysis is that adjustments, if warranted, will be minor. The 2004 Comprehensive Plan and Land Use Map appear consistent with future needs.~~
- ~~• To assist in the development of capital facility plans for sewer, water, roads and parks based on level of service standards now under review. The distribution of land uses to meet the housing and economic development needs will affect the scope and phasing of these facilities. Depending on the findings and recommendations in the Capital Facilities Plan, adjustments could be made to the Land Use Map, growth assumptions, regulations or policies. These adjustments would be considered prior to adoption of the Plan update in December of this year.~~
- ~~• To update the Land Use section of the 2004 Comprehensive Plan.~~

GLOSSARY OF TERMS

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